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"The emphasis at this time appears to be on shallow and onshore development and deep water drilling. However, projects in all five areas are expected to be designed and released for bidding."

James K. Alford is a Partner in the Washington, D.C. office of Locke Lord LLP. He has over 30 years of experience assisting U.S. and foreign private and public-sector clients to design, develop, finance and implement energy, infrastructure, construction and corporate operations and transactions in the U.S. and worldwide. This includes advice on a broad cross-section of corporate ventures, and planning, developing and financing private and public-private turn-key production facilities in renewable energy, infrastructure, utilities and large-scale real estate development. He also advises clients on market entry strategies and the legal options to achieve them, from teaming arrangements and strategic alliances to public-private partnerships, equity joint ventures and stand-alone operations.

Mr. Alford further advises private and public entities involved in U.S. and overseas turn-key public and private projects on the acquisition of feasibility funds, project and structured financing, guarantees and other financing enhancements from private sources and Washington-based U.S. and multilateral agencies including the U.S. Overseas Private Investment Corporation, International Finance Corporation, U.S. Export-Import Bank and the Inter-American Development Bank.

TIMING OF BID ROUNDS IN MEXICO

Editor's Note: This is one in a continuing series of Q&As with Locke Lord lawyers on key legal issues confronting companies engaged in industries that have national and global impact.

What's the next step in the Mexico bid rounds process?

JKA: Five sectors have been designated for bidding in Round One; Shallow Water; Heavy Oil; Unconventionals, including natural gas; Onshore and Deepwater. To begin, there will be a call for bids in each of the sectors followed by: (i) the issuance of public bidding rules, (ii) data room postings and access, (iii) clarification meetings, (iv) bidder prequalification, (v) site visits, (vi) submission of bids, and (vii) bid award and contract execution. All calls for bids for each of these areas are scheduled to take place between now and March of 2015, with bids due between May and October, 2015, as follows:

- Shallow Water areas, with a call for bids now and bids due by May of 2015. The CNH has just released a call for bids for 14 projects in this sector.
- Heavy Oil areas, with a call for bids in December, 2014 and bids due by June 2015.
- Unconventionals, including natural gas, with a call for bids in January, 2015 and bids due by July, 2015.
- Onshore areas, with a call for bids in February, 2015 and bids due by September, 2015.
- Deepwater areas, with a call for bids in March, 2015 and bids due by October, 2015.

In response to the recent drop in oil prices, the Government has decided to first call for bids for the more attractive, high-margin projects.

What legal hurdles might surface during the bid rounds?

JKA: Possible adjustments on two levels. The responsibility for designing, awarding and regulating oil and gas projects is going to be managed by three federal agencies; each of which will be responsible for new or expanded responsibilities; SENER (Ministry of Energy), that will design the technical aspects of projects; the SHCP (Ministry of Finance), that will design the financial aspects of projects, and CNH (National Hydrocarbon Commission), that will be responsible for administering and regulating new projects. Initially, there may be delays or associated issues as these agencies gain experience with their responsibilities and learn how to coordinate their efforts. Also, new or revised forms of contracts have been authorized for use by the Government with foreign investors; the license and production and profit sharing contracts, in addition to service contracts. It may take time for the technical and financial terms and conditions of these new contract structures to be fully developed and effective.